

Automated Expense Reimbursement Project

Efficiency Through Automation

Project's Procurement Nearing Completion

The Automated Expense Reimbursement project is in the final stages of the procurement process. Final proposals were submitted by vendors on February 22, 2000 and are currently being evaluated. It is anticipated that the evaluation effort will be completed and the winning vendor identified in April 2000.

What Has Been Accomplished...

The procurement process began in January 1999 when the Request for Proposal (RFP) was released to the vendor community. The procurement process was structured to promote open, interactive communications between the vendors and the project team. It included the submission of conceptual and draft proposals prior to the submission of final proposals. It also involved holding confidential meetings with vendors after each proposal was submitted to discuss the results of the project team's review. The meetings were also used to address concerns and questions raised by either party.

Conceptual proposals were submitted in February 1999. This was followed by a series of confidential meetings concluding in May 1999. Draft proposals were submitted on three occasions during June 1999 through December 1999. Confidential meetings, held after each draft proposal submission, were concluded in January 2000.

The procurement process required a significant amount of time and effort prior

to the submission of final proposals; however, this investment was worthwhile in that it allowed the vendors to gain a clear understanding of the State's requirements and environment while the project team gained a solid understanding of the vendors' proposals.

Next Steps...

After the final proposals are evaluated, a winning vendor will be identified. However, before a contract can be awarded, final approval of the project from the Department of Finance and the Department of Information Technology must be obtained. These approvals will be requested through the submission of a Special Project Report (SPR).

Upon approval of the SPR and subsequent award of the contract, the vendor will begin working with the project team in the system development effort. This effort involves customizing the vendor's currently marketed system to meet the State's needs. After customization, the system will be thoroughly tested by the vendor and project team.

Before the start of the roll-out phase (the phase in which the new system is implemented at department locations), a pilot will be conducted. The pilot will consist of installing the system in selected department locations where it will be used and monitored closely to ensure its performance meets the State's needs. (The pilot phase is further discussed on page 4.)

Upon successful completion of the pilot phase, the project team will begin the roll-out to departments electing to participate.



Project Timeline

- **Submission of Final Proposals**
February 22, 2000
- **Evaluation of Final Proposals**
February-April 2000
- **Determination of Winning Vendor**
April 2000
- **Project Approvals**
April-May 2000
- **Contract Award**
June 2000
- **System Development***
June 2000-February 2001
- **Pilot***
March-May 2001
- **Begin Roll-Out***
June 2001

*Dates will be revised based on the winning vendor's solution.

Features of the Automated System

The Automated Expense Reimbursement system will be a comprehensive solution to the State's needs associated with reimbursing employee expenses. The new system will include key components such as travel advances, travel and business expense reimbursements, consolidated management information, and interfacing capabilities with existing State systems. It will also include features to reduce workload, error rates, and the amount of time from request submission to employee payment. These components and features will be highlighted in this and future newsletter issues.

How The Automated System Will Be Used

The system will be used by employees to electronically request travel advances and expense reimbursements. The system will electronically route the requests to approvers (the employee's supervisor and other approvers, as required), who will also use the system to approve the requests. Once approved, the requests will be electronically routed to the department accounting office for payment scheduling.

For travel advance requests, the department accounting office will continue to issue checks through the department's revolving fund. For expense reimbursement requests, payments will be issued by the State Controller's Office once the requests are approved by the department accounting office.

Rules And Calculations Will Be Automated

The system will incorporate the statewide travel reimbursement rules for each bargaining unit, as well as for the non-represented employees. These rules will be centrally maintained by the State Controller's Office to ensure that they are applied consistently.

The system will also incorporate department-specific policies. These policies will be automatically applied to the appropriate requests in a similar manner as the statewide rules.

Mathematical calculations will be automated and the generation of information will be employed throughout the system. This will reduce the amount of information that must be entered by individuals and will eliminate the need to perform and verify manual calculations.

Automated rules and policies, as well as automated calculations and generation of information will provide a time-saving, more accurate process.

Notifications Will Be Sent Electronically

The new system will use the departments' existing e-mail systems to send electronic notifications. These notifications are intended to keep employees and approvers informed by alerting them of actions taken or actions required. Examples of the notices include alerting supervisors that requests are ready for their review and alerting employees that requests have been disapproved.

Taxable Reimbursements Will Be Automatically Reported

The reimbursement of certain expenses is subject to tax withholding and reporting. Currently, departments

must follow a manual, time-consuming process.

Under the current process, departments must identify which reimbursements are taxable and reportable. Paper documents are then submitted to the State Controller's Office for subsequent tax withholding and reporting on the Wage and Tax Statement, W-2. These paper documents are in addition to the paper claims that are prepared and submitted to the State Controller's Office for employee reimbursements.

Under the new system, the current manual process will be replaced with a paperless process. The system will automatically identify reimbursements that are taxable and reportable. It will then forward information to the existing systems that handle tax withholding and reporting. This new process will save time and effort for the departments, as well as for the State Controller's Office.

New Policy Allows Departments to Retain Receipts

The inclusion of automatic calculations, statewide rules, and other controls within the new system has resulted in the State Controller's Office establishing a new policy for receipt retention. Under the new policy, departments using the automated system will be allowed to retain the receipts and other supporting documentation.

Each department may determine at which location or locations receipts and supporting documentation will be retained, provided the locations are administrative, support-type office



levels. Receipts and supporting documentation may not be retained at the individual level, such as the employee or his/her supervisor.

This new receipt retention policy is available only to departments electing to use the automated system. This new policy will be in effect for departments as they begin using the new automated system. Those departments choosing not to use the new system will be required to follow the current process of submitting receipts and supporting documentation, attached to the claim schedule, to the State Controller's Office.

Participating Departments



To date, the following departments have committed to signing interagency agreements for their share of the project's development costs:

Air Resources Board
Alcoholic Beverage Control Appeals Board
Board of Equalization
Board of Prison Terms
Business, Transportation & Housing Agency
California Conservation Corps
California Environmental Protection Agency
California Highway Patrol
California Horse Racing Board
California Housing Finance Agency
California Integrated Waste Management
California Public Employees' Retirement System
California State Lands Commission
California State Lottery Commission
Commission on Peace Officer Standards & Training
Department of Aging
Department of Alcoholic Beverage Control
Department of Boating & Waterways
Department of Conservation
Department of Consumer Affairs
Department of Corporations
Department of Corrections
Department of Developmental Services
Department of Education
Department of Finance
Department of Financial Institutions
Department of Fish & Game
Department of Forestry & Fire Protection
Department of General Services
Department of Health Services

Department of Housing & Community Development
Department of Industrial Relations
Department of Information Technology
Department of Insurance
Department of Mental Health
Department of Motor Vehicles
Department of Parks & Recreation
Department of Personnel Administration
Department of Pesticide Regulation
Department of Real Estate
Department of Rehabilitation
Department of Social Services
Department of Toxic Substances Control
Department of Transportation
Employment Development Department
Energy Resources, Conservation & Development Commission
Franchise Tax Board
Health & Welfare Data Center
Judicial Council of California
Office of Environmental Health Hazard Assessment
Office of Real Estate Appraisers
Office of Statewide Health Planning & Development
Office of Traffic Safety
Public Utilities Commission
Secretary of State
State Controller's Office
State Public Defender
State Treasurer's Office
Stephen P. Teale Data Center
Trade & Commerce Agency

Is your department interested in signing up for the Automated Expense Reimbursement system?

Departments that have not yet elected to participate in the Automated Expense Reimbursement system may still do so. Interested departments may contact project staff via e-mail at tecproject@ca.gov.

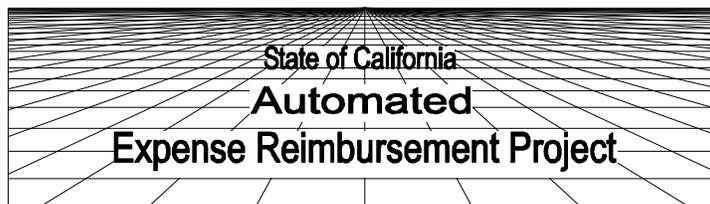


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A Pilot Will be Conducted Before Roll-out

A pilot will be conducted and serve as the final step in verifying that the automated system meets the State's needs and expectations. The pilot will consist of installing the system at three departments and having those departments use the system for approximately three months.

During the pilot, the project team will work closely with the pilot departments to obtain their

input as to the operation of the system. The project team will also closely monitor the system to ensure it performs accurately and efficiently in departmental environments.

The three departments will be selected from a pool of departments interested in participating in the pilot. This effort will take place well in advance of the pilot's start date to

allow the selected departments sufficient time to be trained and to prepare for the activities associated with the pilot.

The pilot phase will occur after the system is thoroughly tested by the vendor and project team. It is the final verification step before the system is put into operation at the participating departments during the roll-out phase.